

PEOPLES COMMUNITY BANK
ALABAMA

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To: File

Date: September 10, 2003

From: Larry Pitchford



Subject: Johnny Jackson
Eufaula Account

Johnny & Latisha Jackson had a construction loan on their home. The loan ran over the amount funded and Kevin Potthoff, City President, overdrew the checking account approximately \$6,000 to pay some overage. Then the contractor came by to get paid on the final amount of \$10,000 plus. After several times coming by Kevin issued him a cashier's check and overdrew the account that much more. I later told him to charge the overdraft to their loan and bring the loan to committee to get the additional approved. Kevin did this and brought the loan to committee and it was approved; however, when the loan was funded it was not enough to payoff the loan and the account was overdrawn approximately \$1600.00. After much conversation the balance of the loan was paid in full and the overdraft was covered. Also Kevin had issued credit on the overdraft charging to NSF fees indicating that this was a refund for fees but they had not been charged this.

I told Kevin we could not issue cashier's checks without the funds being available and that I should not have told him to charge the overdraft to the loan without going to loan committee first. Also told Kevin he should not have charged the overdraft to NSF fees especially since they had not been charged this amount. This has been recovered as well.